

# DCI WRAP-UP

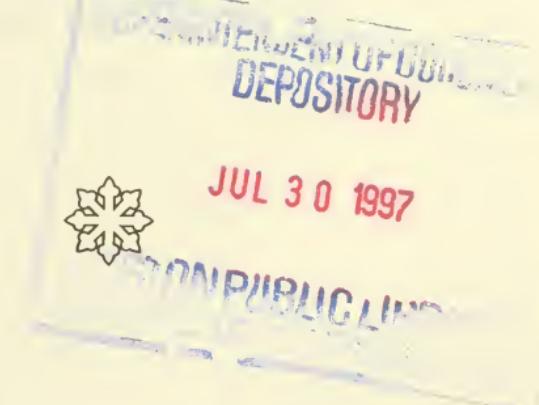
Y 4. IN 8/19: S. HRG. 104-785

DCI Wrap-Up, S. Hrg. 104-785, Heari...

HEARING  
BEFORE THE  
SELECT COMMITTEE ON INTELLIGENCE  
OF THE  
UNITED STATES SENATE  
ONE HUNDRED FOURTH CONGRESS  
SECOND SESSION  
ON  
DCI WRAP-UP

WEDNESDAY, DECEMBER 11, 1996

Printed for the use of the Select Committee on Intelligence



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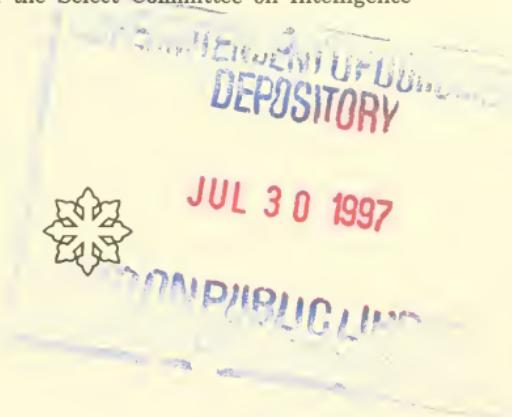
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## SENATE SELECT COMMITTEE ON INTELLIGENCE

[Established by S. Res. 400, 94th Cong., 2d Sess.]

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## DCI WRAP-UP

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WEDNESDAY, DECEMBER 11, 1996

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 9 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Arlen Specter (chairman of the committee) presiding.

Present: Senators Specter, Lugar, Kerrey of Nebraska, Glenn, and Johnston.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman SPECTER. The Intelligence Committee hearing will now proceed. Our distinguished Vice Chairman, Senator Kerrey, will be joining us momentarily, but has asked that we proceed until he arrives.

This morning we have before us the very distinguished Director of the Central Intelligence Agency, Dr. John Deutch, who will be making his last appearance before the Senate Intelligence Committee. Our purpose is to review a large number of outstanding items, to have a final report. And at the outset, I know that I speak for all Members of the Committee, and really for the whole Senate and Congress, in thanking you for an extraordinary job, Dr. Deutch. You took on this responsibility at a time of real turmoil and left a position where you, I know, would have preferred to have stayed, to take on the responsibility in this department, and you have done an outstanding job.

The only outstanding issue is the relatively short tenure, but it is understandable, all factors considered, that you feel your work ought to be brought to a close at this time, and that is something which I and the Committee certainly understand.

The issues which you faced were monumental; candidly, they still are monumental. But you took on matters of discipline within the Central Intelligence Agency which were unparalleled and unprecedented and certainly needed. When the disclosures were made as to Guatemala, you took disciplinary action. And when the matters came to light about CIA failures in the wake of the Aldrich Ames case with the extraordinary, really incredible forwarding of tainted materials to the highest echelons of the Government, including the President, you took disciplinary action. And there again, it was very needed, very important. Always a difficult balance as to what you can do in the Central Intelligence Agency and get the job done

and maintain morale and maintain the appropriate line of discipline.

There are a great many subjects which we will want to cover with you this morning. I'd like to yield at this time to our distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Mr. Chairman, first of all, thank you very much, and I welcome our distinguished witness this morning, and I look forward to hearing his testimony on security issues which are important to the country and which you, he and we have worked on for the past two years.

When you called, Mr. Chairman, this wrap-up hearing, I don't think any of us expected this to be the final hearing for Director Deutch. It marks the end, unfortunately, of a rather distinguished career. And I want to say to Director Deutch that I'm frankly disappointed that you're leaving. I mean no disrespect at all to Mr. Lake. I look forward to working with him as well. But you've brought a tremendous amount of intelligence to the job, and an understanding of the technical issues. You've brought a tremendous amount of organizational ability to the job in a culture, frankly, that's difficult for me to imagine many people doing a better job.

But more importantly for me, you've brought a tremendous amount of courage to the job, willing to come before this Committee and tell us what you think is the case, what's the truth, what does intelligence cause you to conclude, even though that might produce some discomfort for those of us who are trying to make policy decisions, that might disrupt the status quo. And I think you have elevated the work of gathering intelligence, and you've made it more likely that your successor will be able to get the job done as well.

I wish you were staying. I've enjoyed working with you. I've enjoyed, as I said, your intelligence, your frankness, your organizational ability, your courage, your touch with employees at CIA at a very difficult time, right from the beginning, and will be sorely missed, but will be greatly appreciated by all of us on this Committee, as well as everyone in the United States of America who understands the critical importance, vital importance, of getting good intelligence to our policymakers.

Let me say as well, for the record, that this might—I don't know if it's going to be, but it might be the last hearing that we'll have with you, Mr. Chairman, Chairing this Committee. I'm not sure that's true. But if it's not, I look forward to doing this a second time. But for this time, let me say it's been a pleasure to work with you. You've been tenacious. You've brought your tremendous energy and intelligence to the job of being Chairman. You've always put the country's interest first. You've operated in a very bipartisan fashion. We've passed good legislation. We've done things that I believe history will mark as having increased the security of the United States of America. And the lion's share of that credit, Mr. Chairman, goes to you, and it's been a pleasure to work with you.

Chairman SPECTER. Senator Kerrey, I thank you very, very much for those very generous remarks. And I have said publicly and privately and will repeat today that it's been a first-rate partnership. I think we've circumvented some very, very difficult political waters and have kept the Committee on the straight and narrow for the national interest.

Senator Lugar, would you care to make an opening comment?

Senator LUGAR. Mr. Chairman, I had not anticipated making one, but I will take advantage of it to compliment you on your Chairmanship and Senator Kerrey on the partnership that both of you have characterized as being very warm and constructive, and it has been. As a Member of the Committee, I've been honored to serve with both of you and to admire at least the energy as well as the achievements that you performed. It's great to be with Bennett Johnston one more time on this Committee as he concludes a distinguished career in the United States Senate as well as on this Committee.

And for John Deutch I have the same warmth that has already been expressed by our Chairman and our Vice Chairman. I think you have done a wonderful job. I wish you were continuing. I wish the hearing today was, in fact, a bold statement about all that you were going to do for the next four years. But we will all take advantage of your wisdom, of the extraordinary achievements you have had not only in Defense but with the CIA and with the Intelligence Community in recent months. And we really look forward to hearing that wisdom. That is at least the joy of this hearing, that we may make some progress that will be helpful to the successors of all of us.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Lugar.

This, too, I believe will be Senator Bennett Johnston's last Senate speech. Twenty-four years of extraordinary service. Senator Johnston.

Senator JOHNSTON. Mr. Chairman, thank you very much, and thank you for your leadership on this Committee, and that of Senator Kerrey. I have enjoyed all the work on this Committee.

Mr. Chairman, this is my last Committee hearing, my last Senate utterance. And I think it's appropriate that I'm here with John Deutch, who I've known very closely for over 20 years. He was the Assistant Secretary of Energy for Science and Technology, I guess was the title, under Jimmy Carter and brought an expertise to that department that it did not have before, and I must say has not had since. And we had great fun, he teaching and our learning, about many scientific things at national labs and elsewhere.

As Deputy Secretary of Defense, he brought a knowledge of weapons and of technology that that Department has not had before or since, a vitally important role, and I think he made a real sacrifice to leave the Department of Defense, because he was playing such a key role; and he did it only because the Central Intelligence Agency really needed his deft hand in solving the difficult problems, morale and otherwise, left in the wake of the Ames controversy. I think he did as good a job as it was possible to do, and that is the most superlative compliment I think you can give anyone, in restoring faith in the CIA and in bringing morale back, not completely yet, but very much so, certainly restoring the confidence of the Congress in the CIA.

I would say that he has been the most outstanding Director of Central Intelligence since I've been here, at least in my view, and, I think, in the view of many.

So it is with a real sense of accomplishment that I look at his record, and a real sense of gratitude, I think, of all of those—certainly of myself, and, I think, of the country, to someone who I think is an extraordinary public servant. So I'd like to say, as I say bon voyage, I'd like to say bon voyage to John Deutch, who has really achieved for this country and for his country and for all of us.

Chairman SPECTER. Thank you very much, Senator Johnston.

Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman.

I think I'd just like to associate myself with the previous remarks here, lest this sound like a wake this morning. The Chairman and you, John, worked very closely together during your tenure out there, and I just associate myself with all the previous remarks.

I'm very concerned about the high DCI turnover rate. I want to get into that with you a little bit later this morning, and maybe what we can do about that. I think that's one of the biggest problems out there—too much turnover.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Glenn.

And may the record note that Mrs. Deutch is present to hear these comments about her husband, none of which is a surprise or new.

Director Deutch, the floor is yours.

#### STATEMENT OF JOHN DEUTCH, DIRECTOR OF CENTRAL INTELLIGENCE

Director DEUTCH. Thank you very much, Mr. Chairman. Thank you very much, all of you, for these very kind words.

This is my last appearance before this Committee as Director of Central Intelligence. I've spent four years on this tour in Washington in three different positions; Under Secretary of Defense for Acquisition and Technology, Deputy Secretary of Defense, and for the past 20 months as Director of Central Intelligence. I leave with appreciation to President Clinton for the opportunity to serve, and a sense of satisfaction that I've done as best as I can do in each of these jobs and I've done them as honestly as I possibly can.

This morning I want to make five points to the Committee.

The first point, which several of you recognize, is that progress in improving the performance of the Intelligence Community requires longer tenure by Directors of Central Intelligence. Progress does not come only from leadership or from new ideas; it comes from sustained management attention and work to implement change. It should come not as a surprise, given the cumulative four years of service that I have spent both in Defense and in the Intelligence Community, that I am leaving as Director of Central Intelligence after a little less than two years at the end of President Clinton's first term.

However, I am confident that Tony Lake, the individual who President Clinton has nominated to succeed me, will be an excellent Director of Central Intelligence, and he has my complete support. Moreover, the continued presence of my excellent and beloved deputy, George Tenet, will ensure continuity for the Agency and for all parts of the Intelligence Community. I hope that Tony Lake

does not take it as an unfriendly sentiment that my confidence is that he will, when confirmed, stay in this job for the entire second term for a four-year period.

The second point I want to make is I want to stress the tremendous progress that I believe the Intelligence Community has made over the past 20 months. I don't want to go into detail; I just want to summarize for you very briefly some of the accomplishments which I am proud of which have taken place through the work of the whole community and myself during the period of time that I've been Director.

First, we have improved the quality and timeliness of the intelligence product for the senior policy customers in the government. Examples include in Bosnia, the Taiwan Straits Task Force, reporting on a variety of important nonproliferation subjects.

Second, intelligence support for military operations has never been stronger. We are able now, for example, in support for IFOR, intelligence support for all the coalition partners in IFOR, in Bosnia, to know how to provide intelligence responsibly to peace-keeping forces.

Secondly, by exploiting new technologies—for example, the new imagery architecture, satellite architecture, which is being put into place—we are able to assure that in the future U.S. forces will have the kind of dominant battlefield awareness which is required for their complete military advantage in conflict situations where they may find themselves.

Third, we have greatly strengthened cooperation with law enforcement agencies, especially the FBI. This is absolutely essential if we are going to meet the post-Cold War challenges of international crime, international drug trafficking, and the growing and critically important threat of international terrorism.

Fourth, our counterintelligence capability has become a great deal stronger as a result of the reforms that were made after the Ames case. The CIA and FBI are working seemlessly for the first time on counterintelligence cases.

More generally, during my tenure as DCI, I have emphasized the need for greater community cooperation. The improved CIA-FBI cooperation is one example. But we have also given, under the leadership of the Deputy Director of Central Intelligence, George Tenet, attention to hard intelligence targets, which brings together the capabilities of all the intelligence agencies, not just the CIA, but the CIA, NSA, DIA, working together, both analysts and collectors, to assure that we get the kind of vital information that is needed to answer questions for our leading policymakers.

Our emphasis on strengthening the intelligence community relationships is exemplified by the strong centers that have been built and strengthened over the past two years in counterterrorism, counternarcotics, and counterintelligence, and, I hope soon, a new Director of Central Intelligence Center for Counterproliferation.

We've improved our cooperation with the Department of Defense in program and resource planning across the Intelligence Community. It is absolutely important to assure, for the efficient use of taxpayer dollars, that we take maximum advantage of new technology over the long term and plan for it in a systematic way over a five-year period, program and resources required to have these

systems put into place, budget the required dollars, and, most importantly, have the financial controls put into place that will assure that excesses do not take place.

One of the matters that I am very proud of is that during the 20 months that I have been director we have strengthened our financial management capability in the community.

Third, I would like to say something about the current status of our human intelligence effort, a subject which in my view, frankly there is a great deal of misinformation. In the post-Cold War world, human intelligence is needed more than ever before to collect information on the intentions and capabilities of terrorists, of rogue regimes like Iran and Iraq, and countries or groups that are trying to acquire weapons of mass destruction, whether they are chemical, biological, or nuclear.

We have strengthened the Directorate of Operations in the CIA in important ways. First, there is improved targeting by the involvement of the Directorate of Intelligence analysis in the planning of operations to assure that the operations we undertake are going to bring back intelligence which is vital for the interests of the country. We pay considerable attention to cooperating with friendly intelligence services who can help us in all parts of the world. We have strengthened the cooperation between the Directorate of Operations of the CIA and the Defense HUMINT Agency. We have worked cooperatively to change the attitudes, practices, and habits of the Directorate of Operations cooperatively with the senior management of the Directorate of Operations, attitudes, practices and habits which in the past I have referred to as the culture of the DO.

What have we done? We have stressed the need that the recruitment process by our case officers should be not numbers of agents, but to recruit agents that can provide quality and accurate intelligence of significance to the country. We have stressed the need to improve tradecraft by our case officers. We have stressed the need of protecting our case officers who take so many risks by setting clear rules to which those officers will be held accountable. In short, we have set high standards for Directorate of Operations case officers that are appropriate to the very serious threats that we face and the challenges that we are presenting to them.

In my judgment, the Directorate of Operations is thriving in an environment which has set high standards very explicitly. Case officers know their work is important and appreciated. As a result their morale is high as I have personally observed in my visits to 33 stations around the world over the past 20 months. I have been tremendously impressed with the skill and dedication of these case officers in those operations that I have become personally involved.

I would like to quote—read one quote from a New York Times editorial of last Sunday about the CIA. Let me read one quote towards the end of this editorial: "Nearly 50 years since the creation of the CIA, the agency's Operations Directorate retains an insular, arrogant culture that breeds a dangerous contempt for democratic principles and accountability." In my judgment, this statement is outrageous, in an otherwise brilliant editorial, I might say. This statement is outrageous. It does not understand that the Directorate of Operations is composed, with very few exceptions, of dedi-

cated, capable people who are trustworthy and who are helping to defend this country from post-Cold War threats like terrorism and proliferation.

The issue is not whether the Directorate of Operations is out of control; the issue is how to manage at the highest levels, requiring the highest levels of professional conduct by Directorate of Operations case officers. This is what they want. This is what that culture wants is high professional standards, but require them to be followed and set. And that is a demanding management challenge.

The fourth point I want to make is the importance of people in the Intelligence Community. Ultimately, the success of all of our intelligence agencies in the Intelligence Community depend upon excellent people, and we must do everything we can to continue to attract and retain outstanding individuals. For this reason, I am especially proud of accomplishments of the past two years.

First, personnel reform legislation was passed this year that provides better tools for career management of our people and, importantly, increases the mobility of people between Intelligence Community agencies. Under the leadership of Executive Director Nora Slatkin, Chair of the CIA's Human Resources Council, a new program has been put into place covering all career aspects of CIA employees—recruitment, training, assignment, promotion, career development, compensation and retirement. It is the most important program for the future of all parts of the CIA—the Directorate of Operations, the Directorate of Intelligence, the Directorate of Science and Technology and the Directorate of Administration. That program needs all of your support.

The fifth and final point I want to make is how grateful I am to this Committee, I must say especially to the Chairman and to Senator Kerrey. Now, it may not come as a surprise, but I love Senator Kerrey, but it is equally true that I love Senator Specter. I mean, I have learned to really value the Chairman and the Vice Chairman of this Committee. They have been tremendous to me, as have all Members of this Committee. But this Committee has provided me absolute support since I took the job. It is not possible to do the job of Director of Central Intelligence unless it has the support of the Oversight Committees and this Committee in particular. I believe that during my tenure I've kept you fully and currently informed of intelligence activities as it is the duty of the Director of Central Intelligence. This Committee has supported me and helped me, and I could not have done my job without you. I've known several of you, especially Bennett Johnston, for many, many years, and I have the highest regard, the highest respect and the greatest personal gratitude for your support during my time as Director of Central Intelligence.

A strong relationship between this Committee and its Chairman and its Vice Chairman and the Director of Central Intelligence is vital to an effective and successful Intelligence Community operation in the future.

Thank you very much, Mr. Chairman. I'll look forward to answering your questions.

Chairman SPECTER. Thank you very much, Director Deutch. And we thank you for your complimentary statements, and I think that they are entirely accurate and the lines of communication between

the Director and this Committee and the Chairman and Vice Chairman are very, very important. And it has been a very open two-way street and you have kept this Committee currently and fully informed, something that has not happened in the past. And that's something we're going to move into.

We will begin with five minute rounds of questioning. And my first question—I hadn't intended to ask this, but Director Deutch, why give added publicity to outrageous statements?

Director DEUTCH. Why give added publicity to outrageous statements? Because I think it is very important to try and set the record straight that people who criticize the Directorate of Operations have to understand what has been accomplished, have to understand how important it is. And I want to make it clear that those kinds of statements should not stand.

Chairman SPECTER. I've always had a question in my own mind as to whether the republication of unwarranted criticism helps or hurts by the rebuttal. I always have a sense that the greatest retribution is to ignore. But I was interested in your comments, so I start off on a somewhat different line.

Director Deutch, on the subject of the alleged CIA role in crack sales in Los Angeles as a method of supporting the contras, I compliment you on going to Los Angeles and in standing up and in making available the top man in the Central Intelligence Agency to respond to questions. That is totally unprecedented, something that we Senators do with some frequency in open house town meetings, and I think that was very, very important.

This Committee has held two open hearings on the issue, on the allegations from the series of articles in the San Jose Mercury News about raising the question as to CIA involvement in either condoning or in some way being involved in the sale of crack cocaine. And we intend to pursue the matter further. We're now trying to find a way to question Mr. Meneses, who is in a Nicaraguan jail. And I know that your Inspector General is proceeding with that investigation, as is the Inspector General of the Department of Justice. Neither has the kind of subpoena power which is necessary, but I know that your agency will pursue it, and so will this Committee.

Is there any updating that you would like to comment on at this time on that matter?

Director DEUTCH. No, sir. It's just that I want to reemphasize that the Inspector General's report will be thorough. As you know, the Inspector General's efforts are independent, completely independent from the Director, and that their results will be reviewed by Congressional Committees and that the report will be made public.

Chairman SPECTER. Director Deutch, I want to take up with you now a question which this Committee has gone into in some detail in the past, and that relates to the potential response to the terrorist attack in Dhahran on June 25th of this year where 19 airmen were killed and hundreds were wounded in an extraordinary terrorist attack. And we have looked at the matter in a number of directions and are continuing to do so in terms of who was responsible for the terrorism, what precautions the Department of Defense took, what more might have been done, what more might

have been done by way of intelligence activity. And I'm going to come to that at a later portion of the hearing.

But the point I want to take up with you at this moment—and I had intended to do so before the major story appeared on the front page of the Washington Post today, which recapitulates what has been beyond the rumor mill as the possible involvement by Iran, and possible training in Lebanon, in the Bekaa Valley, and the implications as to what that might mean with Syria. This is a subject which I personally discussed with President Assad when I was in Syria last month. The Syrians deny any responsibility, but this is an ongoing matter for investigation. And the question—we've had a number of experts testify, but I'd like to have your thinking—is on the scope of response. And I think it is not too early to address this subject in a public way and in a public forum. We had the—we've had a lot of experience in terrorism and responses, perhaps none quite as dramatic as the response to Libya after we found conclusive proof that Libya was involved in the murder of two U.S. servicemen in a German discotheque, and then the bombing which took place in Libya in 1986, and then the finding by the State Department, on November 15th, 1991—a finding which is not widely known—quote, "The government of Libya was responsible for the bombing of Pan Am Flight 103 on December 21st, 1988."

Now that most assuredly was in response to our bombing of Libya. What do we do? What are the range of sanctions possible? Diplomatic sanctions, embargoes, economic sanctions, military reprisal? I think one thing is plain, and that is that in response to whoever is responsible for the attack at Dhahran, doing nothing is not an option. Something must be done. And as a man who has been in the top level of the Defense Department and CIA, I would be interested—and I'm sure the country would be interested—in your thinking on the subject.

Director DEUTCH. Well, thank you very much, Mr. Chairman. I'm sure you understand that I, in public session, cannot discuss any particular incident in any detail.

I will say that the issue you placed before me in your question, I think, regrettably, is going to be progressively in front of the government in times to come. That is, what do you do in response to international terrorist actions against the United States or interests of the United States. So this is an issue which is—unfortunately I predict is going to be with us much more frequently.

What I will say is that the correct—the appropriate individuals to make the judgment of the type of response is really the policy community and, of course, ultimately the President. What the Intelligence Community is equipping itself to do—and I think in a very capable and good way—is to, number one, as rapidly as possible when one of these incidents occurs, determine—determine who was responsible and what were the operations that led to a terrorist event, incident so that the policymakers can make a judgment about what kind of response is appropriate, and also we maintain covert actions capability that the President can elect, among several others, in order to respond to and hopefully deter more terrorist activities in the future, or to disrupt the activities and operations of worldwide terrorist organizations.

Chairman SPECTER. I'll return to that in my next round, but my time is up and I yield now to Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Director Deutch, I'd like to use the example of the Khobar Towers investigation as a discussion point. Was the decision to make the FBI the lead agency in that investigation, was that connected to a U.S. law requirement, or was that an administrative decision, or was that a decision that was made as a result of the Saudis saying, this is who we prefer to be in the lead?

Director DEUTCH. I really think that I'm going to—we were not going to be able to successfully pursue this in open session. I think it's a very good question. I might say that the cooperation between the FBI and the CIA throughout the investigation has been extremely good, but I really think it's not possible for me to pursue this in open session. My first answer will lead to another question, and we—

Vice Chairman KERREY. It is—in an open session you can certainly say is there a U.S. law that says that—that—

Director DEUTCH. Not to my knowledge. Not to my knowledge. I think that—

Vice Chairman KERREY. Do you think that—is there any credibility to the concern that the leaks that have become repetitious now at the CIA contribute to people's unwillingness to work with your agency?

Director DEUTCH. I don't believe—the leaks that occur from the CIA—remember, I represent the Intelligence Community, which includes the national security division of the FBI, and I would say to you that it is not noticeable to me by any means that the leaks are greater from the CIA than other places. So I wouldn't accept that.

I do think that philosophically you can ask, the question can be raised, is it sensible to have a law enforcement agency as being the lead agency in a foreign country in such an important matter. I could accept that question.

Vice Chairman KERREY. Particularly in a military operation. I mean, this is in response to an attack on military personnel.

Director DEUTCH. Especially when military forces are involved, that's correct.

Vice Chairman KERREY. It's an attack on military personnel. Nineteen Americans were killed in Khobar Towers.

Director DEUTCH. Certainly—that's correct, sir.

Vice Chairman KERREY. I mean, it seems unusual to have the FBI take the lead. I think they've—they've apparently done a good job thus far, I have no criticism of that, but it's an unusual situation. I'm trying to determine whether that's in response to U.S. law or in response to—

Director DEUTCH. I don't believe it's a necessary response to U.S. law, and I think that I understand exactly the problems that it raises. All I want to stress emphatically is that the cooperation in this matter between the Intelligence Community and the FBI has been outstanding. But I do think it is a problem in general to have a law enforcement agency that much in front in such a critical foreign policy—foreign matter.

Vice Chairman KERREY. Do you anticipate the German prosecution that's going to occur over the next 60 days, as I understand it they're bringing a case against Iran's intelligence chief for the killing of a Kurdish person inside of Germany, and the Italians are looking possibly to do the same thing. Is this going to make it more difficult, is it going to make it less difficult for us to fashion a correct response in this case? I mean—

Director DEUTCH. Well, as a separate matter, let me say that—intelligence matter—I think that seeing the Germans take action like this reflects a growing appreciation in Europe that Iran does not have good intentions toward not only the United States, but the West in general, Western Europe in general. So I regard the German action as evidence of a greater appreciation of Iranian intentions and activities in sponsoring illegal activities and terrorist activities around the world.

Vice Chairman KERREY. I just—it seems to me that we've got a very, very difficult task to fashion an appropriate response in this case. And it's my belief it could very easily get away from us and be more difficult to fashion a response. And I'm personally concerned when I read that our number one intelligence person, you, are given a briefing of some of the details or all the details of what went on. And I—let me—you want to do that in closed session, I'd be pleased to do that.

Let me ask you if you—I presume you read Jeff Smith's—some of the things that he has said about personnel changes in the DO?

Director DEUTCH. Yes.

Vice Chairman KERREY. Do you agree with the idea of trying to bring out people that—and give them opportunity similar to what we do in the military with the War College, give them an opportunity to sort of reconnect with the world at large?

Director DEUTCH. You will see that a part of the intelligence personnel reform program in front of you is one to require professionals in any one of the intelligence agencies, but especially the CIA and especially the DO, to have a tour outside the CIA before they rise to a very high level, before they get to the Senior Intelligence Service grades, to assure that they have a broader experience and a broader appreciation of the value of their work and how it contributes. Very similar to the requirement in Goldwater-Nichols legislation that before you reach flag rank, you must have a joint tour. We believe that encouraging these kinds of tours are important.

Secondly, the CIA program being developed by the Human Resources Council, under the Executive Director's leadership, strongly urges and encourages, for more junior officers, tours outside of their areas, whether they're in the Directorate of Intelligence or the Directorate of Operations. And that can only serve, in my judgment, to make the system much better in the long run.

Vice Chairman KERREY. Thank you.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Senator Lugar.

Senator LUGAR. Director Deutch, looking at this hearing as a wrap-up session on security issues, let me just ask about the status of several issues: What is the status of the Intelligence Committee's inquiry into the possible exposure of U.S. military personnel to

chemical weapons or biological weapons during or after the Persian Gulf War?

And what are the Intelligence Community's limitations in the monitoring of such weapons?

Director DEUTCH. Well, Senator, the issue of potential exposure or exposure of Gulf—individuals who served in the Gulf to chemical agents has been a matter which has been of tremendous concern to me since I was Under Secretary of Defense, when Les Aspin was Secretary and asked me to pay—devote particular attention to this. One of my regrets in my four years in the various positions that I have had is that we have not been able to resolve these issues, publicly and convincingly, early enough. And I hold myself—I regret very much that I was not able to bring forward all information that has, in time, come—become available and be convincing enough to give especially Gulf War veterans, a sense that we are doing everything we can to treat their medical illnesses and also to do everything we can to uncover all issues that have come up about how such chemical agents were used.

Let me just say that the Intelligence Community, in my judgment—and I now speak relative to my own case—has done a particularly good job of following up all intelligence information that was available on this. Where we have had trouble is making prompt use and understanding what information was available in the Department of Defense on U.S. forces' exploding of chemical munitions in the Gulf.

So I think that we have to continue to pay attention to this problem. The Intelligence Community is doing a great deal in being able to in the future have the required techniques available to detecting early hostile use of chemical weapons and—or biological weapons in any region of the world. But this is an unfortunate experience, because the American people are not satisfied, and they should be satisfied, that everything is known that needs to be known on the exposure of individuals who served in the Gulf to chemical agents, and we should continue to work that problem.

Senator LUGAR. But at least in your judgment, is everything known that should be known at this point about this?

Director DEUTCH. Senator, I am reluctant to say that everything is known because in 1993 when I was looking at this very closely I thought everything was known, but yet al-Kamisiyah showed up later on as an event in 1996, discovered, incidentally, by a CIA analyst who put this together, that the U.S. forces actually destroyed chemical agents in the Gulf. So I would say everything that I know, everything that my agency knows, to the best of my understanding is now public. We continue to look, and we are going to continue to pay attention to this problem.

Senator LUGAR. In another area, what is the status of the implementation of the new procedures for flagging CIA assets who may be guilty of human rights abuses and other criminal activity, and to what extent have these new procedures been an impediment to recruiting assets who, having had an unsavory background, could provide the United States with unique and valuable information?

Director DEUTCH. I would turn this exactly around. I would say by clarifying the standards here, we are protecting the case officers who are undertaking risks for our country. We've made it very

clear to case officers that when an agent is recruited—and many of them, most of them, the majority of them, are going to have very unsavory backgrounds—that by documenting with headquarters, complying with the laws that we have to about informing the Justice Department about any criminal activity that is known or suspected by us, that we are protecting the case officers and helping them take risks, and that this is a measure, when properly understood as it is now in the field, it helps us to take risks and it helps us manage risk so that we know that we're getting worthwhile information back.

I can categorically say that there has been no recruitment that has been denied because of the unsavory character or the criminal character of a potential agent. The issue is only we want to know about it and make the judgment and take the required action. But this is exactly the reverse. This is a way of strengthening morale, of supporting case officers in the field, not of reducing their flexibility; it is a way of helping them and protecting them.

All the management of the Directorate of Operations agrees with that point; that's just not my point. This is what I mean by requiring the highest professional standards of conduct for our case officers. It helps them. It makes them stronger. And I think it's in very good shape.

Senator LUGAR. Director Deutch, both you and the former Director, Mr. Woolsey, were appointed as head of the Intelligence Community without notable management experience in the intelligence field prior to coming to the job. In retrospect, do you believe this is an advantage or a disadvantage? And what advice would you give to Mr. Lake as he assumes the reins in the Intelligence Community?

Director DEUTCH. Senator, I believe that I had tremendous background in intelligence. And I don't understand the question, sir. I mean, where did I not have—if the question is had I been a clandestine HUMINT collection person, the answer is no. But as I recall—I mean, I ran the intelligence part of the Defense Department for two years. I was a member of President Bush's Foreign Intelligence Advisory Panel. I was a member for unknown number of decades of the Defense Science Board, of the NSA Science Advisory Board, of thousands of advisory committees. I think—I don't understand—I mean, I can't imagine somebody having greater background in intelligence when they are recommended for this position, other than somebody professionally has spent their whole life in intelligence—

Senator LUGAR. My question is asked from the perspective of those professionals in the CIA or in the intelligence services who might argue that it would be better, in fact, to have one of our own? That's the spirit in which the question is asked: what advantages are there to the country in having an insider as DCI?

Director DEUTCH. Senator, if you're talking about technical intelligence, I claim they do have one of their own. If you're talking about human clandestine intelligence, maybe sometimes. I mean, there have been some great Directors who had a background there, like Richard Helms. But let me tell you, you don't score intelligence in this country by only looking at human intelligence collection.

So I don't mean to be too defensive about the question, but I would say to you, sir, I have a background in intelligence; it happens not to be human intelligence collection. And some day there will be a Director, as there frequently have been in the past which have that background. The most important thing is that you have an individual that has the confidence of the President, that will be honest and say what they think, and can get along with the Department of Defense. Those are the three criteria.

Senator LUGAR. I think your answer has overwhelmed the question.

Chairman SPECTER. Thank you very much, Senator Lugar. Thank you.

Senator Johnston.

Senator JOHNSTON. Dr. Deutch, what percentage of your budget is in fact spent on HUMINT as opposed to technical intelligence?

Director DEUTCH. Somewhat less than 10 percent.

Senator JOHNSTON. So that most of really what you do, most of your big decisions are that about which the press prints very little, and is highly important, which is satellites and electronic intelligence; is it not?

Director DEUTCH. Yes. Yes, sir.

Senator JOHNSTON. And should the job be divided between HUMINT on the one hand and technical intelligence on the other?

Director DEUTCH. No, I think the argument is overwhelming that the cooperation between human intelligence and—first of all, intelligence analysis is critical for the targeting. We don't want to have collection go on for things that don't matter. On the one hand, that connection is tremendously important. And secondly, quite frankly, in the future—and I've tried to encourage this during my time—technical collection and human collection can come together in very interesting ways, especially against terrorist targets and proliferation targets.

So I see a very important synergy there, and I think it's very important to manage these together.

Senator JOHNSTON. Dr. Deutch, I saw you out in—I think it was Los Angeles—appearing before a group in the African-American community to reassure them that the CIA had not been involved in the crack cocaine business. Reminded me a little bit of some of the town meetings I've had where the crowd seemed not to be totally reassured by what you had to say. Are you satisfied that you have all the information you need to make a definitive judgment that the CIA has in fact never been involved in the crack cocaine business in the United States?

Director DEUTCH. I have no information that leads me to believe that the Intelligence Community in the past—remember, this is an allegation about the early and mid-80s—I have no information to suggest any CIA involvement at that time whatsoever.

On the other hand, I have also stated clearly that until an independent report is done by the Inspector General and reviewed by this Committee, the Committee in the House, the Justice Department, and publicly available for scrutiny, I don't believe that a final judgment can be made that there was absolutely no involvement at all. And I will believe that we should await the completion of that report.

Senator JOHNSTON. But you have no reason to suspect that there was that involvement?

Director DEUTCH. That's exactly right, Senator. I have no reason to suspect and I have no information that leads me to suspect such an involvement.

Senator JOHNSTON. And none has ever—no credible allegation has really ever been made, to your knowledge, has it, about such involvement?

Director DEUTCH. Up till now, there is no allegation that I've heard which I find credible.

Senator JOHNSTON. And the Inspector General is in the process of making that investigation now?

Director DEUTCH. Yes, sir.

Senator JOHNSTON. And you're satisfied he will have all the information he will need; he will not need subpoena power or any ability that he does not now have?

Director DEUTCH. If he encounters a situation where he believes that he needs subpoena power, he should come forward, and I am sure we will find a way to give him the access that he needs. So he does—he will—he's responsible to come forward and say if he's in a situation where he requires subpoena power, that he would let us know. He would inform the Director.

Senator JOHNSTON. Thank you.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Johnston.

Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman.

I recall not too long ago your wedding day—I believe you had the wedding and returned to duty conducting business that afternoon. I hope that at this point Mrs. Deutch can prevail upon you to get a decent honeymoon.

Director DEUTCH. Every day is a honeymoon with my wife.

Senator GLENN. Ah, that's the right answer. Right on. Valentine's Day is coming up. Very good. [General laughter.]

Let me follow up just a little bit on HUMINT. I've been concerned about this area, and you and I have talked about this from time to time. It's one thing to assess nuclear proliferation because we can do a lot of that with satellites and so on, because it requires a fairly large industrial complex to do that. But CW and BW are a different thing. They're largely dependent on our HUMINT, and yet that's the hardest thing to develop. It sometimes takes years to develop a source or multiple sources, and check them out and make sure they're reliable.

The DIA informed its Committee on May 6th—and this was in an unclassified response to a query from the Committee—of the following: "The likelihood that North Korea will continue to exist in its current state 15 years from now is low to moderate. Unless solutions to the North's economic problems are found, the regime will not be able to survive. It will have to adapt, slide into irrelevance, or collapse/implode. This has led many analysts to believe a process of political self-destruction has begun with potential for system collapse within three years."

Do you agree with that statement? And do you think the rest of the Intelligence Community agrees with that statement? It was an unclassified statement given to the Committee.

Director DEUTCH. I think that the North Korean government is—North Korea has really got three roads it's going to go down over the next several years. Either it is going to get itself—invade the South over one issue or another, war will break out; or it will collapse internally or implode because of the credible economic problems that the country faces; or third, it will over time lead to some peaceful resolution and a reunification with the South.

Which one of those roads will come up—will actually transpire is uncertain. My own estimate is—I would not make it a categorical statement, Senator—is that how that proceeds between those three directions will be resolved in the next two or three years. It is not something that will go in for decades.

I would say to you that I believe that there are intelligence estimates about the future of North Korea that we could make available to you that gives you a community-wide—not just at DIA, but a community-wide estimate of what conditions will be like in North Korea. They'll be roughly along the lines that I mentioned to you.

So I'm not out of sympathy with that DIA remark. I would be a little less categorical in how I described it.

Senator GLENN. We've had a lot of discussion on this Committee and in the Senate as a whole on the developing ballistic missile threat being used as a justification for going ahead with national missile defense, as a result of the threat from either North Korea or from China in particular.

Should the intelligence estimates of ballistic missile threats to the U.S. include assessments of internal developments in those countries, like the one that I just mentioned?

Director DEUTCH. Yes, they should. I think that the National Intelligence Estimate which was done on the ballistic missile threat to the United States, which has been reviewed by an independent panel headed by former deputy—former Director of Central Intelligence Gates, confirms the essential corrections of the National Intelligence Estimate, number one; it says that it wasn't politicized, number two; and it points out very constructively ways that that estimate could have been strengthened. But fundamentally I think that the internal political developments are an integral part of making estimates about intentions rather than capabilities.

Senator GLENN. The North Korean missile threat is mainly a threat yet to be developed. The Chinese actually have an intercontinental missile capability. Have the figures on the numbers of ICBMs they have been released?

Director DEUTCH. I can't—I don't know that for—I just don't know right here whether they are unclassified—I'm sure there are unclassified estimates of their number of missiles. I didn't know how accurate they are.

Senator GLENN. I thought I had read in the public press a figure, but I won't use it because it may be one that's still classified.

I want to also give you a chance to answer this question about the tenure of office out there. This is a problem all across government. One of the worst problems a President faces is turnover. We looked into this issue on the Governmental Affairs Committee some

time ago, and as I recall, some 30 percent of the appointees are gone within 18 months, and some 50 percent are gone within 27 months. You can't run programs like that. Out at the CIA, where you need continuity above all, we've had four Directors in the last five years.

Should the DCI have a certain term of service? Should it be at the pleasure of the President, as it is now? Or should we change that?

Director DEUTCH. Well, first of all, Senator, I want to again say that when I came to Washington, I was prepared to spend four years. Then my expectation was that I would return. It's not—I can't be blamed for having been pushed from pillar to post.

Senator GLENN. I wasn't blaming you.

Director DEUTCH. But I certainly do not believe the Director of Central Intelligence should have a fixed term. I think that it is a very serious misunderstanding of the relationship of the Director of Central Intelligence to the President of the United States.

The most important thing to be a successful Director of Central Intelligence, which, between you and me, has very little power—I remember my friend Senator Cohen sitting here saying, Mr. Deutch, they shouldn't call you Director because you don't direct anything. There's a lot of truth to that. The Director of Central Intelligence has the ability to contribute because that individual has the confidence of the President of the United States. You do not want to tie the President of the United States with an individual for whom he has does not have confidence. It is very different than a law enforcement agency like the FBI, who has a fixed term. I do not believe that there should be a fixed term, and I believe that a President should have the ability to change the Director at any time he believes that that Director is not performing. So I am very much of the view that the Director of Central Intelligence should work for the President at the pleasure of the President, and that if you change that, you will basically make the Director of Central Intelligence and, to a large part, the CIA, much less controllable and much less relevant.

Senator GLENN. My time is up, but I have just a comment. There's got to be some better way of doing it than how we're doing it now.

Director DEUTCH. Yes.

Senator GLENN. And if it isn't fixed terms, then how do we do it?

Director DEUTCH. Yes—

Senator GLENN. But four Directors in five years can't run a shop that way.

Director DEUTCH. Senator, I started out—the first point I made was you're absolutely right; there's got to be longer tenure. And frankly speaking, if I were there longer, it would help implement the changes which are under way. But that's not the way it's turned out for me. But I agree with your sentiment. I just don't think that the—I think the solution of putting in a fixed term is much worse than the disease.

Senator GLENN. Thank you.

Chairman SPECTER. Director Deutch, turning now to the issue of the transfer of Iranian arms to Bosnia under an arrangement made

out—made up with the State Department and the National Security Council, where they pursued the issue under the categorization of a no instructions policy, given by Ambassador Galbraith and Ambassador Redman to Croatian President Tudjman, which was identified by Ambassador Galbraith to Deputy Secretary Talbott as a green light or a perceived green light, and these arms were made available to the Bosnians, which was a violation of the United Nations arms embargo and was done at a time when the Congress was considering, in very heated debate, whether to change the arms embargo, and the information about the no instructions policy or perceived green light, which was arranged, as I say, between Mr. Talbott and Mr. Lake was involved as National Security councilor, was never told to the Director of Central Intelligence, James Woolsey, who testified before this committee to that effect, nor was it told to Secretary of Defense Perry or Chairman of the Joint Chiefs of Staff General Shalikashvili, who imparted that information to Senator Kerrey and me.

The matter may not have received the kind of high level attention that it would have under other circumstances, because there were many, including this Senator, who thought that we ought to not have the arms embargo. And there was a question as to the seriousness of the situation and the importance of that arms flow to keep Bosnia on its feet, although the Defense Department has said that that really wasn't so. But a central issue, aside from some of the very broad policy ramifications of not telling Congress, involved the Executive branch policy of not informing the CIA Director.

My first question to you is, do you agree with former Director of Central Intelligence James Woolsey that the Central Intelligence Agency should have been told by Mr. Talbott and Mr. Lake that the United States had given this perceived green light that Iranian arms could be transmitted to Bosnia through Croatia?

Director DEUTCH. Mr. Chairman, I think I have already testified on numerous occasions that I believe that in situations like this, that the Director of Central Intelligence and the Secretary of Defense should be informed. So there's not a question in my mind that I believe that in such a matter the Secretary of Defense and the Director of Central Intelligence should be informed.

In this particular case I don't know what all the different views are, but it's my understanding that there is a difference in view about whether the Director of Central Intelligence actually was told and when he was told, Jim Woolsey at that time, by Under Secretary Talbott. But let me make it clear that under—in general circumstances like occurred here, in my view the Director of Central Intelligence and the Secretary of State—Secretary of Defense should be informed.

Chairman SPECTER. Well, Mr. Woolsey was emphatic that he was not told. Mr. Talbott testified that there was a miscommunication. But it is plain that the Intelligence Committee was not informed. And it is also plain that the Congress was not informed. When I say the Intelligence Committee was not informed, the Intelligence Committee was not informed that the United States had this no instructions policy for the communication by Galbraith and Redman, Ambassador Galbraith and Ambassador Redman to President Tudjman, which was a perceived green light, nor was the Intel-

ligence Committee informed that Ambassador Galbraith had contacts with the CIA to try to have the CIA carry out some of this policy.

Now, I notice your—a quizzical look on your face. Do you want to comment about that?

Director DEUTCH. Well, I'm trying—what is worrying me is we've had this discussion before. I've forgotten whether we did it in open session or in closed session. But I want to make a point—

Chairman SPECTER. We have not had this discussion in open session.

Director DEUTCH. Okay. Well, let—

Chairman SPECTER. We had a number of witnesses in, but since this was not on your watch, we have not put this on the record with you.

Director DEUTCH. Right. But let me be clear about something. It is my judgment that the—this event was not an intelligence matter. It was a diplomatic matter. So had I been there, it would not—you know, if Congress were informed, the question is, it was a diplomatic matter, if—which is the appropriate Committee? I do believe it was a diplomatic matter, not an intelligence matter, that exchange between Ambassador Galbraith and Deputy Secretary Talbott. So I don't think it was an intelligence matter.

Chairman SPECTER. Well, the Intelligence Committee concluded that it was not traditional diplomacy and that it was a matter which should have been transmitted to the Intelligence Committee. But however it is interpreted, it wasn't transmitted to the Congress at all. If it's a diplomatic matter, to go to the Committee on Foreign Relations, that was not done either.

Well, my red light just went on, but I want to pursue this with you in the next round. And I believe it does bear—you have given your endorsement to Mr. Lake, and I can understand that. But I want to pursue the question as to Mr. Lake's participation with respect to his sensitivity to keeping this Committee currently and fully informed, which it was not on the Bosnian issue, nor was the Congress informed. As our distinguished Vice Chairman has said on a number of occasions, we don't have to get our information from the Washington Times. And perhaps I've gone too far in giving publicity to new sources which I have a question that I raised with you about.

Director DEUTCH. I think that you will find that Tony Lake fully understands the need to keep this Committee fully and currently informed on intelligence activities. You will have no difficulty there, in my opinion.

Vice Chairman KERREY. Director Deutch—

Chairman SPECTER. Well, I'm going to pursue that with you in some depth.

Director DEUTCH. Yes, sir. Yes, sir.

Chairman SPECTER. Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Director Deutch, perhaps in 60 days or 6 months you and I can have a conversation about what Senator Glenn was asking. And I just—I would like just for information, I really have—I don't know if I've come full circle, but it certainly has changed my view of your statement earlier, which was that if the Director is permanent—a

permanent term, you said they're going to be able to control much less and they're going to become much less relevant. I respect very much your view on it. But when you have Director Webster on 4 years and Director Gates on 18 months and Director Woolsey on 28 months and now you on 20 months—and if we had that kind of turnover with the IRS Commissioner, with the Social Security Administrator, with almost any other—I mean, people of the State Department, the Defense—people would say, my God, you know, this is too much. I mean, it takes a while to get your bearings. It takes a while to figure the organization out. It takes—I mean, in any management structure, whether you're managing a Senate office or managing the CIA. I mean, I really don't—I mean, this is something that I think you're very close to right now. And I have not formed a definitive opinion on it. I'll just tell you my confidence has been shaken in our ability to continue with a political appointee that stays at the will of the President; I mean, the issues are just too important.

And it leads, actually, into my next question, which I alert you might be uncharacteristically unfair of me to be asking this question of you. But in your confirmation hearing, you were asked a question that was a very hot issue then as to whether or not the Director should be a Cabinet Secretary. And in your answer, you stated that the DCI must understand, "how to provide unvarnished objective assessments and not permit himself or herself to get involved in formulating policy, nor to permit policymakers to influence the formulation of the best objective assessments about foreign events".

Now, if that standard still holds, how can a person who's been the National Security Adviser, like Anthony Lake, who has participated in the formulation of U.S. policy for the past 4 years—how is he going to be able to make or do objective analyses?

Director DEUTCH. Senator Kerrey, let me go back first to the first point. I really do look forward to reflecting on this and coming back in 60 days. But my concern is that if you appoint somebody for a finite term and halfway through that term the President or the senior foreign policy leaders in the country lose confidence in that Director, you then have a real problem. But it's better to make the change than to go through the whole term. That's where I'm coming from. But I will reflect on it, and I promise you that I will come back in 60 days and work with you. Because if you have a situation where the Secretary of State or the President, or the Vice President, the Secretary of Defense don't really have confidence in that Director of Central Intelligence, there is no way of bringing the crucial intelligence function—

Vice Chairman KERREY. I don't think you can continue with, you know, with this pattern of 4 years, 18 months, 28 months, 20 months, and however long Tony Lake survives over there. I mean, I just don't think you can continue with that kind of a pattern. It's a big organization with a crucial mission. And again, I mean, I—just separate and ask yourself, if you're managing any operation, it takes a while to get your sea legs, to get to a point where—

Director DEUTCH. But Senator, that's—I started off by agreeing—I agree with that.

Vice Chairman KERREY. Anyway, we can talk about that at a later time. I don't want to—

Director DEUTCH. Yeah, but I don't think you can—I mean—and I also want to—I don't want to apologize, but I want to say—

Vice Chairman KERREY. I'm much more interested in your view about—

Director DEUTCH. I do think—

Vice Chairman KERREY. I know and I like Tony Lake a great deal, and I think he's got the capacity to come in and do an excellent job, but I'd like to have you square what you said, which I think is correct, I think the person who's DCI has to be able to come in and give the unvarnished truth, even if the unvarnished truth is that Iraq is stronger today than they were before the Gulf War.

I mean, whatever the unvarnished truth is—

Director DEUTCH. Who would do that? Who would do that? [General laughter.]

Vice Chairman KERREY. They've got to be able to do that. And the question I've got is, how does somebody who has been formulating policy for four years come in now and say, I'm no longer a policy-maker, I'm going to present the facts only and the intelligence only as I see it?

Director DEUTCH. Well, I think that an individual can do that. I think an individual can do that, and I'm quite confident that Tony Lake, who is an extremely able fellow—

Vice Chairman KERREY. I don't disagree.

Director DEUTCH [continuing]. That he is able to make that distinction just as I was able to make the distinction on policy moving from Deputy Secretary of Defense over to Director of Central Intelligence. The standard that I expressed in that confirmation hearing that you just read is the correct standard. If you allow a Director of Central Intelligence to allow policymakers to influence the intelligence judgments or to start becoming an advocate of policies, then you have a real problem. But I believe that the standard is correct and I believe that you can move from one position to another and understand the different responsibilities you have.

Vice Chairman KERREY. I'm sure Mr. Lake's going to be given plenty of opportunity to answer that question when he comes through for confirmation. But let me just briefly—in the second round perhaps we can get into the detail of the answer of it—one of the concerns that I've got with intelligence gathering is the way it's disseminated, and I'd like you specifically to address the concern that we've talked about, and that is the concern of getting intelligence in the right form in a timely fashion to diplomats at the State Department. Unlike a person that's in the military—and I'll ask the question and you can think about it and answer it on second round so we don't drag this out—but as I see it, one of the problems we've got in looking at the Department of Defense and the Department of State as a customer, take the differential between those two organizations—very often people will attribute, you know, a power hungry Department of Defense as the reason that they seem to dominate the delivery of intelligence.

But I actually think it's not the desire for power but the nature of people that are in the military. Number one, they learn how to

plan and how to specify their needs, particularly technical needs. And there is no comparable situation, I think, in the State Department, and it's a real problem. You know, we hope that the State Department, through diplomacy, prevents the need for the Department of Defense to send people into combat in the first place.

Secondly, and this is very important for me, unlike the military, which if I had the responsibility for something and I screw it up, it's my rear end that's going to pay for it. I understand that I can't delegate that responsibility. I can organize and give people various aspects and give them authority, but at the end of the day, if something happens on my watch, I pay for it. Whereas on the civilian side, you know, we typically have to have days and days of hearings to try to figure out who was in charge. So you don't have those two elements. And as a consequence, it seems to me, you've got to—as I look at the picture, I think you've got a real weakness in intelligence delivery to State Department customers, and I'm concerned about it. We can—as I said, I don't want—we have now a third round. I don't want to dig into the Chairman's time. We can talk about that on my third round.

Director DEUTCH. Mr. Chairman, can I answer this, or do you want me to wait?

Chairman SPECTER. Of course.

Director DEUTCH. What you have said is tremendously important. All of our efforts to plan for new collection systems shows that the key issue is dissemination and not more raw collection. So processing and dissemination in all these areas is absolutely key. That's the first point. You ask the CINCs, even they in the military side will tell you processing and dissemination is key.

Secondly, I would like to say that your own personal interest in how this is done via information technology is having an effect on certainly the CIA and in the DOD.

Third, I believe the National Imagery and Mapping Agency, as it emerged, will help in the dissemination, both to national and military customers of tailored imagery products. But the most important point on the State Department, you are absolutely right that there needs to be more attention given to the distribution of technical products—pictures and the like—in a near real-time sense, both to embassies and in headquarters on key intelligence issues. That takes two things. It takes a little bit of money—which is difficult to fund in the State Department budget, where typically the distribution pieces are funded—and it takes some technical expertise, either within the Department or provided by the community to have happen. But it is an absolutely correct observation you make, and I think a lot better—a lot of progress could be made on that point, on the more efficient, electronic, especially, distribution of products to the Department of State.

Chairman SPECTER. Are you finished?

Vice Chairman KERREY. I'm done. Thanks.

Chairman SPECTER. Director Deutch, returning to the issue of the sale of arms to Bosnia, and reviewing the hard facts, Ambassador Redman asked National Security Councilor Anthony Lake if he should file a written report on what Ambassador Redman had done on this no instructions to President Tudjman of Croatia, which was the perceived green light, and Mr. Lake said no written

report. And Ambassador Galbraith said to Under Secretary or Deputy, number two man in the State Department Strobe Talbott, shall I file a written report as to what we did with President Tudjman? And Mr. Talbott said file one after you have the affirmation, and he identified two State Department officials, after they call you. And neither of them called. So the affected instruction from Mr. Talbott to Mr. Galbraith was no written report.

And the Intelligence Committee has had one tough time finding out what happened, and I'm not sure we know what happened to this day. We were aided materially by the fact that Ambassador Galbraith prepared a personal memorandum at the recommendation of one of his subordinates, which he signed and, I believe, the subordinate signed. So we have some information as to what went on. But when you talk about the sensitivity of Mr. Lake to be the Director of Central Intelligence, the Agency, I have grave reservations about Mr. Lake and about his sensitivity, given what went on in this matter and given the special sensitivity, of what has happened historically with other directors of the Central Intelligence Agency, with the big issue Iran-contra.

Now it didn't happen here, because at least so far it has worked out, although we do not know the full extent of the Iranian influence in Bosnia today. There are reports that it may be very significant. And to the extent it exists, it was certainly enhanced by having Iranian arms go to Bosnia.

So the question comes up, here we are, the Congress is debating getting out of the arms embargo line. The United Nations has this resolution for an embargo. And the Congress is debating it and taking votes on it, and the Congress does not know that this arrangement was made with a green light for the United States to acquiesce, agree to the sale of arms to Bosnia.

Now, Director Deutch, isn't that something that the Congress should have known when it was debating whether the Congress should take action to stop the arms embargo to Bosnia?

Director DEUTCH. Mr. Chairman, I cannot answer for Ambassador Redman, for Strobe Talbott, or for Tony Lake on the particular—

Chairman SPECTER. Don't expect you to.

Director DEUTCH. Okay. But I want to make it extremely clear to you that I have worked closely with Tony Lake for four years. In the last 20 months I have met with him and talked to him a thousand times on enormously delicate matters. I personally have complete confidence that he understands what a Director of Central Intelligence's responsibilities are, to keep Congress fully and currently informed of intelligence activity, and that he understands fully what the division is between collecting intelligence and giving unvarnished estimates on intelligence and influencing or being influenced by policymakers.

So I know the man, and I know that he has the integrity to do this job right.

Chairman SPECTER. Well, Director Deutch, I'm interested in your knowledge of the man and I'm interested in your conclusions. But I'm a lot more interested in the facts as to what he did in this matter. And he was a party to a secret transaction where the United States acquiesced in the sale of arms to Bosnia that the Congress

didn't know about when the Congress was debating whether we ought to lift the arms embargo.

And my question to you, is that the sort of information which the CIA Director ought to tell the Congress about?

Director DEUTCH. Bluntly put, that information was diplomatic information that maybe should have been provided to Congress. I can't answer to that. It's not my area of competence or—nor have I even reflected on it. But I will tell you that I don't think that it was a legal obligation or a responsibility of the Director of Central Intelligence to inform Congress had he known about it, had he been aware of it.

Chairman SPECTER. Well, if that is Mr. Lake's view, then I would have no doubt about at least my own conclusion that he wouldn't be the appropriate man to be Director of Central Intelligence. If somebody sits here in a confirmation proceeding—and Mr. Lake will come before this Intelligence Committee—and he says that he's Director of Central Intelligence and knew that there was a policy of no instructions and a green light, a perceived green light and the United States had acquiesced in the sale of Iranian arms to Bosnia and the Congress is debating whether the arms embargo ought to be lifted and he says, that's not the sort of information which I, as CIA Director, would tell the Intelligence Committee and see to it that the Congress is informed, that would make it an easy question for me to vote no on his confirmation.

Director DEUTCH. Mr. Chairman, that's not exactly what I said. I said that he had no—

Chairman SPECTER. Pretty close.

Director DEUTCH. No, there's a difference. Let me also remind you of what the—who was Chairman at that time. It wasn't the same situation as it is today.

Chairman SPECTER. Now, what do you mean by that?

Director DEUTCH. Let me go back and say that the point I want to make is—and I want to be fairly precise about it—if this was an intelligence activity, then there is an absolute legal obligation for the Director of Central Intelligence to inform the Committees. If this was a diplomatic matter—this was a diplomatic matter, there's more discretion about whether the individual should have, could—would or not. I come and talk to you and the Vice Chairman about lots of matters. They're not obligatory. All the point I was trying to make here is it is not in this—it is my judgment that this was not an intelligence activity; and, therefore, it wasn't obligatory that they tell the Committees. It may well be that he should—that the Director should have—would do so. And maybe I would do so; that's a hypothetical. But I am telling you on my view, it's not an obligation to do so. That's the point I was trying to make. I might have well have done it. I don't know. I might well have come up and talked to you about it.

Chairman SPECTER. Well, I am going to get into the issue of the obligation in terms of the statute, which is very important. But I would say to you that when you deal with the Executive branch and the Director of Central Intelligence and the Intelligence Committee, we really ought not to be parsing semicolons as to what ought to be done.

Director DEUTCH. Yes.

Chairman SPECTER. There's really a matter of openness and a matter of good faith, and not slicing the hair so finely to stand behind legalisms, although I say I am going to come to the legalisms. I think there was a legal obligation. But at a time when the Congress is debating whether we ought to be lifting the arms embargo, and you have this very important Executive branch activity where there has been an acquiescence and the violation of the U.N. arms embargo and the sale of arms to Bosnia—and especially the sale of Iranian arms—it seems to me pretty obvious that the Director of Central Intelligence would be telling the Chairman and the Vice Chairman, and that anybody in the Executive branch would be seeing to it that the Congress had a fair idea as to what the facts were, as the Congress was making public policy on what to do here.

But bear in mind—and this sometime is overlooked—the Congress is the ultimate power in this government. The Congress can overrule the President and override a veto, and make the decision on these matters if the Congress is of a mind to do so. And one of the really vital checks and balances, which is present in our system of government, is our confirmation authority.

We make a lot of requests of the Executive branch, and a lot of requests that the Committee has made during my tenure have been ignored by the Executive branch because they have a different view. And our authority lies in the appropriations process and also in the confirmation process. And there are many people in America today who aspire to key posts in the United States Government where they have to be confirmed, and Anthony Lake is one of them, and there are many others. And one of the real checks and balances we have is to evaluate their work, which we can't touch as long as they are in the Executive branch; they can ignore us if they chose to do so. We can withhold appropriations. But when they come before the Senate for confirmation, that's an important check and balance. And that's why I'm pursuing this matter in some detail with you as to matter of good faith and fair operation.

Let me ask you once more; when we're debating in the Senate altering the arms embargo, don't you think we're entitled to know what Ambassador Redman and Ambassador Galbraith said to Croatian President Tudjman?

Director DEUTCH. Actually, Mr. Chairman, we emerge from this not that far apart. First of all, I agree with you; while I was stressing the legal obligation here, I agree with you that that is not really the key issue. The key issue is the open communication between the Executive branch and Congress or the DCI and this Committee, on key foreign policy issues which come up. That is the key issue, the openness and the ease of exchange and the trust that exists between them when these come up, and that is the right issue.

On that particular—using that criteria, what actually happened and whether Congress should have been informed is a matter on which different—reasonable people have different views. What I want to stress is the obligations the DCI has to keep this Committee informed has to be—has to be held the first criteria for any Director of Central Intelligence; those obligations have to be met first.

Chairman SPECTER. Well, I hear you about reasonable people on different views. I think this is not within that category. But the Constitution talks about advice. I've given a little advice here on

the consent function; that's the prerogative of the Senators in the Senate.

I want to come to the legalisms in a moment, but I want to yield now to Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman,

Continuing on that, actually I would frame the question somewhat differently than the Chairman, but for the same purpose. And it's on the subject matter that we were talking about earlier, which is independence, more independence for the Director as a result of a permanent term that might, in fact, even stretch over an Administration, where the person may not actually serve at the pleasure of the President.

I mean, the question that I have in this case—because I quite agree with the Chairman, I do not believe this was normal diplomatic—traditional diplomatic activity, and that the Committee should have been informed. But equally of concern to me is that Director Woolsey at the time, suspecting there might actually be a covert operation in place—and he suspected there might be something going on here at the time and was concerned about what was going on—should he, then, have come to the Committee and said, look, something's going on here, I don't know what it is, even though—even though that might put him at risk of getting his rear end chewed out by the Executive branch, by the President? You follow what I'm saying. I mean—

Director DEUTCH. Absolutely.

Vice Chairman KERREY. I mean, is that kind of—

Director DEUTCH. Absolutely.

Vice Chairman KERREY. I should not take this particular incident too far because it's too highly charged. I want to underscore again I think there's real value in acquiring this independence. I actually think the stock of the intelligence could go up, the value of the intelligence could go up as people begin to see and believe that it is independent, that there isn't, in fact, intelligence being delivered or not being delivered as a consequence of concern that the President might like it or not like it. Whoever the President is, by the way. You know, I'm not pointing a finger; I'm just saying that the relationship that we have right now, the turnover we have right now, makes it difficult, it seems to me, to get a point where people have confidence in the organization.

But let me ask you—

Director DEUTCH. I'll be back to you in six months, I mean—

Vice Chairman KERREY. Yeah. I look forward to it.

Let me ask you about the asset validation procedures you put in place. I mean, there's been some reporting that that asset validation has reduced the entrepreneurial spirit, has made people a little bit more risk averse. Let me do a little role playing here. Let's presume that I'm one of your agents in the DO, and as hard as it might be to imagine, let's say this group of people sitting over at the table over here are involved in criminal activity with narcotics or drugs or proliferation or—

Director DEUTCH. We could sort that out—

Vice Chairman KERREY [continuing]. Or terrorism. Let's just say that this group over here is involved with terrorism, this two tables over here to my right, your left. All right? And you—

Director DEUTCH. Probable.

Vice Chairman KERREY. And you want me organize—you want me to penetrate them. Now, they've already indicated they're going to violate the law. There's a law—we have a law against terrorism, against narcotics, against proliferation. So they don't care about the law. We've already established that they're either convicted criminals or they're people that ought to be convicted as criminals. So we're already established that that's the case. Now—

Director DEUTCH. We're still in agreement, Senator.

Vice Chairman KERREY. Right. Now, how do I—what are the rules under which I can approach him?

Director DEUTCH. You can approach them all. You can approach them all, although I'd hope you'd come to me for advice about which ones to go to first. You could approach them all, and then you can come back and say to your—as a case officer, you'd come back and say I have 12 candidates to report on terrorism, to be agents on terrorism. And then someone can say, look, we're not giving you—your professional competence is not being evaluated solely by whether you recruit 12 or six. What we're interested in is knowing that you have done enough work to select among those the six which will provide the best information, or the four, or whatever it is. And we understand that they are going to have—they're not going to be lovely people. You'd better tell us about what you know about their background, because it may be necessary for us to inform the Justice Department that one of those individuals that you have recruited has committed a crime against an American. But all we are saying is when you've done that, you go out, you get your approval to do it, and we will stand behind you no matter what happens, because you followed the rules and you did it exactly right. And that's the way the process is supposed to function.

Vice Chairman KERREY. Let me say, because I don't want to—we need to wrap this hearing up. I know the Chairman's got other things to push on to as well. Let me say that—put that on—add this to the list. I think it would be helpful—presuming that Tony Lake is confirmed, I think it'd be helpful for me, at least, to do my oversight job better to have a conversation about this issue, about this asset validation issue. That was a response to Guatemala, a good response to—I think to Guatemala, but I emphasize I think. I don't know. And we certainly don't want to tie the hands of people that are out there trying to get information and then ask them in a follow-on when we have a disaster how come you didn't know? So, for me, for my purpose, it would be helpful to do that.

And right along with that, I think since Guatemala and actually since you've been on board, there's been a tremendous increase of activity between you and the Oversight Committees. I mean, you have brought a firehose in here to inform us of things that you considered to be problems of failures. And I think that's good. It's made it—in some ways it's made our job more difficult, but it really has increased the confidence of us when we do our oversight. And I would add that to the list of things because I think—again, presuming that Tony Lake is confirmed, whoever is confirmed, they need to continue that and they need to continue to evaluate this asset and how we validate those assets.

Director DEUTCH. Senator, I think it's absolutely tremendous that you have the interest to understand that asset validation program. Its ultimate purpose is to assure that those case officers don't take risks which aren't going to yield relevant intelligence, number one; and number two, that the record is there so we can stand behind them no matter what happens—its for their protection. And let me tell you—

Vice Chairman KERREY. But we don't want them to become risk averse.

Director DEUTCH. No. No. And they like it. They see this as raising the bar of performance, that when they make it, they're even more relevant and more producing what this country needs to defend it. And that's true not only—that's true all up and down the line. And you should satisfy yourself that that's the case. It's very important this Committee should.

Vice Chairman KERREY. Thank you.

Chairman SPECTER. Director Deutch, picking up on the statute itself and the obligations of the Director of Central Intelligence Agency, and for that matter, the Director of everybody in the Executive branch, including the National Security Councilor, a position Mr. Lake held during the time of the sale of Iranian arms to Bosnia, this is what the National Security Act of 1947 says, Section 501(a)(1): "The President shall ensure that the intelligence committees are kept fully and currently informed of the intelligence activities of the United States." And then Section 502—and note, that's the President's responsibility. "Director of Central Intelligence and heads of all departments, agencies and other entities of the United States government involved in intelligence activities shall keep the Intelligence Committees fully and currently informed of all intelligence activities."

So they talk here about entities. And the National Security Councilor would certainly be an entity. And then the question is, what is an intelligence activity? And Section 14(a) provides, quote, "As used in this resolution, the term 'intelligence activities' includes the collection, analysis, production, dissemination or use of information which relates to any foreign country or any government, political group, party, military force, movement or other association in such foreign country and which relations to the defense, foreign policy, national security or related policies of the United States, and other activity which is in support of such activities," close quote.

Now, that is about as broad a formulation as legislators can make to try to throw an all-inclusive net over intelligence activities. And it makes it the responsibility of the President—so the whole Executive branch. But then it goes beyond that and delineates heads of all departments, agencies and other entities, and that would include Mr. Lake. And then, as it defines intelligence activities, it has as broad a brush as you can paint with.

Now, as Senator Kerrey said, he concluded that this was not traditional diplomatic activity. That's an exception on covert action. It is not an exception, however, on informing of intelligence activities. Even if it is traditional diplomatic activity, it does not exempt someone from reporting on intelligence activities.

Now, someone may say that this is not intelligence. I mean, anybody can say about anything. But it seems to me it's very hard within the broad sweep of these provisions, to exclude Mr. Anthony Lake, from a duty to inform the Intelligence Committees, which is really a duty to inform Congress. Now, I don't know how to draw the statute any tighter. And I don't think we can function—this goes back to a former question, if we're going to parse semicolons in statutes. But let me come back to the technical definition. Doesn't that comprehend Mr. Lake, and doesn't that comprehend matters like this transaction with Bosnia, to tell the Intelligence Committee, and tell the Congress, especially when the Congress is debating the arms embargo?

Director DEUTCH. Mr. Chairman, I've noted before you that I'm not a lawyer; I haven't read that particular definition carefully recently. But I want to make a remark. If you are going to hold the Director of Central Intelligence, myself or anyone else, to a standard that we have to be aware of and report matters that go on between Deputy Secretaries of State or Under Secretaries of State and ambassadors, which may fall in your reading under that very broad definition because they are intelligence activities, you've put the Director of Central Intelligence in an impossible situation.

Chairman SPECTER. I don't want to do that, I really don't. It's only if you know about it and if it comes within a fair interpretation of what the Intelligence Committee ought to know and what the Congress ought to know. You can't write a statute and say, please tell the Intelligence Committee what it ought to know—

Director DEUTCH. But, Mr. Chairman—

Chairman SPECTER [ccntinuing]. Please tell the Congress what it ought to know. But here—and I'm not faulting Director of Central Intelligence Woolsey; he didn't know about it. But the question is whether Mr. Lake is to be faulted about it, or whether if Mr. Lake is in the position of the Director of Central Intelligence Agency he's going to have a sufficient sensitivity to tell the Intelligence Committee. I don't think he had a sufficient sensitivity when he didn't tell Woolsey—when he didn't see to it that Congress knew. Lake knew that Congress was debating the arms embargo, and Mr. Lake knew that Congress didn't know about this secret deal.

Director DEUTCH. Mr. Chairman, it is a completely legitimate question to the National Security Adviser to say, don't you think Congress should have been informed of this as a foreign policy matter? Where you and I are differing—where you and I are differing is whether it is an intelligence activity, whether he has a responsibility in that regard. And I say that's so important because it is one of the essential criteria that a DCI has to pay attention to.

Chairman SPECTER. Well, are you saying, then, that Mr. Anthony Lake had a duty to see to it that the Foreign Relations Committee knew about this secret deal?

Director DEUTCH. Sir, I'm not saying he had a duty. I don't know what the foreign relations statute is. But I certainly think it's a legitimate question to pose.

Chairman SPECTER. Well, in that event, Director Deutch, we will pose that question to him and no longer to you.

Director DEUTCH. May I have the last word here?

Chairman SPECTER. I doubt it, but try.

Director DEUTCH. I want to say again thank you. You have—  
Chairman SPECTER. Well, listen, we're not finished with the  
hearing now.

Director DEUTCH. You got me again.

Chairman SPECTER. There happen to be quite a few more sub-  
jects of very substantial importance to the Committee beyond  
Bosnia and beyond the issues we've talked about. But you can have  
the last word, as I see what you were driving at.

Let me turn to the question of sanctions as to China, on some  
issues which we have talked about before, but there are some up-  
dates. We've had before the Committee the serious issue about the  
transfer by China of 5,000 ring magnets to Pakistan, which have  
a very important role in a nuclear facility used as gas centrifuges  
to enrich uranium. And the Administration came to the conclusion  
that the government of China did not know about that because it  
was the China National Nuclear Corporation, which somehow did  
not fall under the ambit of the responsibility of the government of  
China, something that was hard for many of us to comprehend.  
The Administration said there was no evidence that the Chinese  
government had willfully aided or abetted Pakistan's nuclear weap-  
on program, which is hard to follow.

But then on—in early October, there were reports that China  
had secretly sold more nuclear weapon related activity; a special-  
ized industrial furnace and highly sophisticated diagnostic equip-  
ment to Pakistan in September, which would violate the pledge,  
which China made to the United States in May of this year, where  
we had excused them on the ring-magnet operation.

What is your view as to what ought to be done with respect to  
sanctions as to China, where we come to these very major matters  
of nuclear proliferation?

Director DEUTCH. I have no view.

Chairman SPECTER. Has there been a violation? Or should we go  
into closed session to talk about it, of the May 1996 Chinese  
pledge?

Director DEUTCH. I believe that it's the Secretary of State's re-  
sponsibility to make the determination. I'd be delighted to go into  
closed session on this subject, in any level of detail you wish.

Chairman SPECTER. All right, Well, we may have to—we may  
have to proceed in that direction.

Director Deutch, with respect to the adequacy of counterintel-  
ligence—and I compliment you, your agency and the FBI on the ap-  
prehension of Mr. Nicholson—are we adequately able to handle  
counterintelligence, and spies like Ames and Nicholson, with our  
present apparatus?

Director DEUTCH. In my judgment, we are much better able to  
cope with hostile foreign intelligence services, such as Russia, who  
try and penetrate United States national security organizations  
than we were two years ago. I have great confidence and great sat-  
isfaction from the strengthened counterintelligence system that is  
in place between the CIA and FBI. So the answer to you would  
be—you can always do better, but my answer to you would be in  
the affirmative here.

Chairman SPECTER. Turning for just a moment to the activities  
of the War Crimes Tribunal—and here again, I commend CIA and

you for what you have done there—what is the current status of U.S. support to the War Crimes Tribunal? Is anything more doable to help bring to justice the people who are under indictment—Karadizic, Mladic, others—to see to it that the War Crimes Tribunal is able to carry out its designated function?

Director DEUTCH. The answer to that is yes. I cannot—should not go into the details in open session. But both the Intelligence Community—many different parts of the Intelligence Community are addressing this question of support of the War Crimes Tribunal. It's a very strong interest of the President and of the Secretary of State, and we are working this problem, as you know. And I'd be delighted to go into details in closed session.

Chairman SPECTER. You made a brief reference to the legislation which we passed this year in response to the Aspin and Brown Commission on reform. And while we did not achieve all that we had sought, with this Committee taking the position that the Director of Central Intelligence needed more of an input on the appointment of key officials and more control over fiscal matters, considering the fact that the Department of Defense has 85 percent of the budget, how would you characterize the success in the legislation which we did enact in moving along toward a necessary reform of the intelligence community?

Director DEUTCH. First of all, I'm indebted to you for your efforts on this matter. I think that the progress that was made, while not as much as had been—not all measures as had been advocated by the Aspin-Brown Commission were passed, that significant progress was made, and I am very, very satisfied with the outcome, and I think a large part of it has to do with yours and Senator Kerrey's leadership on it, and I think significant progress was made.

Chairman SPECTER. Do you—

Director DEUTCH. Future Directors of Central Intelligence will be in better shape to carry out their responsibilities because of that legislation.

Chairman SPECTER. I've just been handed a note about your—the need for you to leave, and I'll wrap it up in another couple of minutes here.

On the question of reforms and sufficient clout for the DCI and looking back at what happened at Dhahran on June 25th and the kinds of warnings which there were present, is there any restructuring which we ought to be looking toward for the 105th Congress which would give the Director of Central Intelligence, as the key figure, enough clout to be able to rattle the cages, really to sound the alarms when there are as many indicators as there were about the problem of the truck bomb and the close fence and the perimeter? What further can we do to bolster the authority of the Director of Central Intelligence?

Director DEUTCH. Sir, I'm going to reflect on that over the next six months. I do think—you know that I've been a—more or less a defender of the status quo. And over the next six months I think I will be giving some serious thought to whether I maintain that or whether I think that there are some more ambitious proposals that might be put forward.

Chairman SPECTER. All right, there are other subjects, but I'm going to ask you just one more, and that is you commented about the CIA nuclear proliferation force. Where do we head on reorganization of the government? And let me show you, as I did former Director Gates last week, the chart which shows the vast, complex, obviously ineffective bureaucracy dealing to combat proliferation: 96 separates agencies. And the legislation which came out of this Committee and which was passed calls for the appointment of a commission to deal with this. Without unduly burdening you for a response, what is your net assessment as to where we ought to be going on reorganization of the government to combat nuclear proliferation?

Director DEUTCH. There are two issues, sir. One is an issue about the complexity of—on a policy formulation side, which is what that chart addresses. I do think there is room, as I've said ever since I was in the Department of Energy, room for significant improvement there.

The second is, is the Intelligence Community appropriately organized? As I hinted in my statement, I believe it is time to do more centralization of our nonproliferation intelligence within the entire Intelligence Community. And I will be urging my successor to take specific steps to create a Director of Central Intelligence Center so it's community-wide, to address nonproliferation matters.

Chairman SPECTER. Well, as usual, we can't cover everything, but we've made a good start. We thank you for being here today. We thank you for the service which you have given to CIA, to the Department of Defense and the Department of Energy, and we look forward to your future service to the country.

And in an unusual departure from precedent, you may have the very last word.

Director DEUTCH. Well, Mr. Chairman, thank you for letting me have the last word. I want to thank you personally for your support. And I leave here having satisfaction in my job because of the support you've given me, Senator Kerrey and this Committee. But most of all, I leave with real affection and respect for Arlen Specter, and I want you to know that's not going to vanish. I really treasure what has grown between us in the last 20 months. It's been good, and I appreciate it very much, sir.

[Thereupon, at 12:25 p.m., the hearing was concluded.]



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